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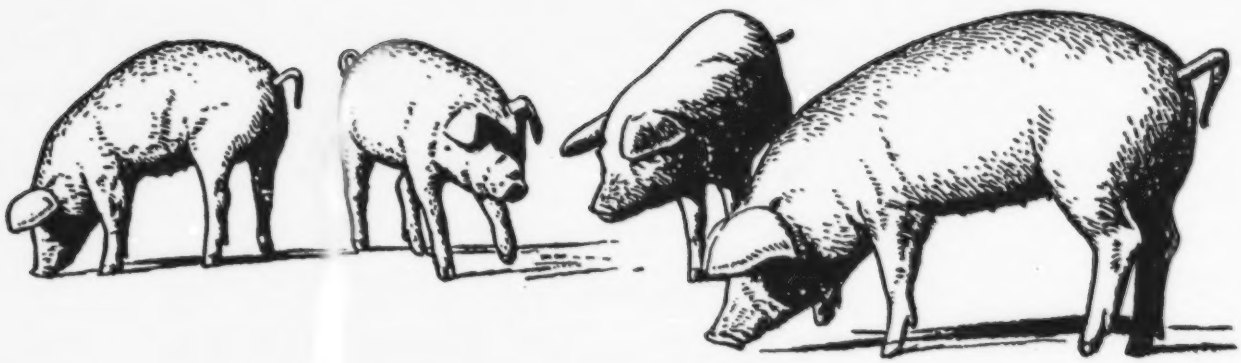
Swine Farm Business Summary

1989



FARROW TO FINISH

PREFACE

The 1989 Nova Scotia Swine Farm Business Summary is a synoposis of the business performance of nineteen (19) Nova Scotia Farrow-to-Finish Swine Farms.

The farms used in this summary were not selected on a random sample basis. Instead, farmers volunteered their data for use in the summary. Therefore, care should be taken in the use and interpretation of the results shown in the various tables of this summary.

Despite this limitation, farmers can compare their individual results with group average figures of farms with similiar characteristics. Such comparision can provide the farm manager with useful information that can be used in management decisions. However, the best information is the farmers own records and comparision of these from one year to the next.

The co-operation of the nineteen (19) swine producers who participated in this summary is gratefully acknowledged.

Thanks are also extended to Pamela Fraser and Peter Dekker who assisted in gathering the data and Tracey Mitchell who provided the secretarial work.

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TABLE OF CONTENTS

	PAGE
INTRODUCTION	1
RECEIPTS	2
EXPENSES	3
INCOME SUMMARY	4
AVERAGE COST OF PORK PRODUCTION	5
COST ANALYSIS	6
PRODUCTION ANALYSIS	7
PRODUCTION ANALYSIS	8
FEED ANALYSIS	9
SUMMARY	10

INTRODUCTION

The Nova Scotia Swine Farm Business Summary is designed to provide bench-mark information that can be used to compare the financial strengths and weaknesses of individual swine farms with similar characteristics. Farm business analysis is an important function of the farm manager-operator. When analysing the farm business, you should ask meaningful questions regarding the costs, incomes, efficiencies and capital investment found in your business. This summary is designed to assist you with those questions and to provide you with basic information for comparison purposes. By identifying the strengths of your business and building on these, you should be able to enhance the profit of your farm business. The profit picture should also be improved by identifying the weaknesses and taking corrective action.

There are several ways that you can compare your farm performance. These include:

- You can compare your performance this year to that of last year. This is perhaps the best type of comparison. Have you progressed in reaching the goals you have set for your farm business.

- You can compare your performance with group average data for farms of similiar size and general characteristics. This report should be useful in this regard.

- You can compare your performance to that obtained by research - realizing that the research data was obtained under a special set of conditions.

In 1989 there were approximately 150 swine producers in Nova Scotia. Basic data for this summary was prepared from nineteen (19) of these farms throughout the Province. These nineteen (19) represent 13 percent of the total swine farms in the Province.

The farms included in this summary sold a total of 39,520 hogs. The total for the Province was approximately 245,000 head. Therefore, farms in this summary comprised 16 percent of the total hog production in Nova Scotia in 1989.

RECEIPTS

Receipts from the sale of hogs averaged 68.8 percent of total farm receipts for this size group. Market hog sales accounted for 89.2 percent, weanling sales 4.3 percent, breeding stock sales 3.1 percent, cull sows and boars 2.7 percent, and other hogs 0.8 percent.

Total farm receipts were $391,548. on a per farm basis, or $2,932. on a per sow basis.

The provincial stabilization program was discontinued in 1989 and replaced by Tri-partite Stabilization. There were heavy payouts from both of these programs due to low pork prices. Total stabilization, tri-partite and provincial cap. revenue was $767. per sow, with revenue of $2,018. from the marketplace. Tri-partite revenue includes a payment for the fourth quarter of 1989 which was received in 1990.

RECEIPTS

ITEM	PER FARM	PER SOW
Market Hogs	$ 240,260.	$ 1,799.
Weanlings	11,509.	86.
Gilts - Breeding Stock	7,260.	54.
Boars - Breeding Stock	1,190.	9.
Cull Sows	6,441.	48.
Cull Boars	742.	6.
Other Hogs	2,034.	15.
TOTAL HOG SALES	$ 269,437.	$ 2,018.
Stabilization,Tri-partite,Cap.	102,436.	767.
Subsidies	7,112.	53.
Other Income	12,564.	94.
TOTAL FARM RECEIPTS	$ 391,548.	$ 2,932.

EXPENSES

Purchased feed was the largest cost item and accounted for 68.4 percent of cash expenses and 54.2 percent of total revenue. In dollar terms, feed was $1,588. per sow.

Other major expenses were: hired labour at $190., marketing costs and tri-partite premiums at $95., and utilities at $76.

EXPENSES

ITEM	PER FARM	PER SOW
Feed Purchased	$ 212,054.	$ 1,588.
Swine Purchased	5,625.	42.
Hired Labour	25,367.	190.
Bedding	244.	2.
Vet & Drugs	3,212.	24.
Hog Supplies	2,809.	21.
Marketing Costs, Tri-partite Premiums	12,655.	95.
Utilities	10,204.	76.
Taxes	1,692.	13.
Insurance	2,956.	22.
Building Repairs	7,602.	57.
Machinery & Equipment Expense	7,159.	54.
Auto Expense	1,536.	12.
Interest - Operating	5,368.	40.
Miscellaneous	4,289.	32.
Other Non-Hog Expenses	7,287.	55.
TOTAL CASH EXPENSES	$ 310,057.	$ 2,322.

INCOME SUMMARY

Income is one of the key factors studied when analysing a farm business. In this table, two (2) measures of income are summarized.

NET CASH INCOME refers to the difference between Farm Receipts and Cash Expenses. This income measure averaged $81,491. per farm or $610. on a per sow basis.

NET FARM INCOME is the difference between Farm Receipts and Cash Expenses with adjustments made for inventory change, depreciation and interest on long term debt. Net Farm Income was $50,535. per farm or $378. on a per sow basis for the farms included in this group.

INCOME SUMMARY

ITEM	PER FARM	PER SOW
Total Farm Receipts	$ 391,548.	$ 2,932.
Total Cash Expenses	310,057.	2,322.
NET CASH INCOME	$ 81,491.	$ 610.
Plus: Inventory Change	$ -691.	$ -5.
Less: Depreciation	18,969.	142.
Interest on Capital Loans	11,296.	85.
NET FARM INCOME	$ 50,535.	$ 378.

AVERAGE COST OF PORK PRODUCTION

The average cost of producing pork for this sow group was $1.44 per kilogram live weight or $1.84 per kilogram ($0.84/lb.) dressed weight

Note that this cost figure does not include a value for operator labour or interest on equity. Instead it is a measure of the cost at the Net Farm Income level. No amount has been added for what are traditionally called "Opportunity Costs".

AVERAGE COST OF PORK PRODUCTION

ITEM	PER FARM	PER SOW
Total Farm Expenses	$ 340,323.	$ 2,549.
Plus: Inventory Adjustment	691.	5.
Less: Cull Sales	7,183.	54.
Other Income	12,564.	94.
TOTAL COSTS	$ 321,267.	$ 2,406.
Total Kgs of Pork Produced (L.W.)	223,787	1,676
Ave. Cost of Production (L.W.) ($)	1.44	1.44
Ave. Cost of Production (D.W.) ($)	1.84	1.84

COST ANALYSIS

Feed purchased was the largest single cost associated with producing pork. This item averaged 62.3 percent of Total Costs in this group. Other major expenses were; hired labour at 7.5 percent, depreciation at 5.6 percent, and marketing costs and tri-partite premiums at 3.7 percent.

COST ANALYSIS

ITEM	PERCENT OF TOTAL
Feed Purchased	62.3 %
Swine Purchased	1.7
Hired Labour	7.5
Bedding	.1
Vet & Drugs	.9
Hog Supplies	.8
Marketing Costs, Tri-partite Premiums	3.7
Utilities	3.0
Taxes	.5
Insurance	.9
Building Repairs	2.2
Machinery & Equipment Expense	2.1
Auto Expense	.5
Interest - Operating	1.6
Miscellaneous	1.3
Other Non-Hog Expenses	2.1
Interest - Term Loans	3.3
Depreciation	5.6
TOTAL	100.0 %

PRODUCTION ANALYSIS

The average number of sows per farm was 134. Each sow produced an average of 2.16 litters of pigs per year.

There was an average of 24.08 pigs born per sow, with 19.26 of these being weaned. Suckling mortality averaged 20.24 percent.

Sales of market hogs accounted for 86.1 percent of hog sales. Feeder hog mortality averaged 4.02 percent.

PRODUCTION ANALYSIS

ITEM	PER FARM	PER SOW
Number of Sows	134	1.00
Number of Boars	8	.06
Number of Litters	289	2.16
Pigs Born	3,215	24.08
Pigs Born Alive	2,977	22.29
Pigs Weaned	2,572	19.26
Pigs Born per Litter	11.14	-
Pigs Born Alive per Litter	10.32	-
Pigs Weaned per Litter	8.91	-
Suckling Mortality (#)	651	4.87
Suckling Mortality (%)	20.24	-
Weanlings Sold	232	1.74
Breeding Stock Sold	41	.31
Gilts Kept for Replacement	35	.26
Market Hogs Sold	2,056	15.40
Other Hogs Sold	24	.18
Inventory Change	-9	-.07
Purchases	0	.00
Total Hogs Sold	2,388	17.88
Feeder Hog Mortality (#)	104	.78
Feeder Hog Mortality (%)	4.02	-
Inventory Ajustment	88	.66
Total Pigs Produced	2,468	18.48

PRODUCTION ANALYSIS

Further analysis of the production coefficients indicated that market hogs were sold at an average dressed weight of 78 kilograms, and that the average return, including market and stabilization revenue was $166.65 per hog.

The average cull rate for sows was 32.87 percent. There were 48 sows maintained for each man equivalent of labour (hired, operator and family).

PRODUCTION ANALYSIS

ITEM		PER FARM
Ave. Weight per Market Hog (D.W.)	(Kgs)	78
Ave. Return per Market Hog	($)	166.65
Sow Mortality	(%)	4.26
Cull Rate on Sows	(%)	32.87
Labour Man Equivalents	(#)	2.79
Sows Kept per Man	(#)	48
Total Sales per Man	($)	139,908
Live Hog Produced per Man	(Kgs)	80,105

FEED ANALYSIS

Feed consumption per hog averaged 4.76 kilograms of creep (pre-starter), 52.07 kilograms of starter, 209.16 kilograms of grower and 66.06 kilograms of sow-boar feed, for a total consumption of 332.05 kilograms of feed. Average feed conversion (Starter & Grower) was 2.78 kilograms of feed for each kilogram of gain.

The total cost of feed per hog was $94.29, and the feed per sow and boar was 1,044 kilograms.

FEED ANALYSIS

ITEM		PER FARM
Creep per Hog	(Kgs)	4.76
Cost Creep per Hog	($)	2.83
Starter per Hog	(Kgs)	52.07
Cost Starter per Hog	($)	18.01
Grower per Hog	(Kgs)	209.16
Cost Grower per Hog	($)	55.58
Sow-Boar Feed per Hog	(Kgs)	66.10
Cost Sow-Boar Feed per Hog	($)	17.87
Total Feed per Hog	(Kgs)	332.08
Total Feed Cost per Hog	($)	94.29
Ave. L.W. Hog Produced	(Kgs)	100.38
Feed Conversion - Starter & Grower		2.78
Feed Cost/Kg. L.W. Hog	($)	.94
Feed Cost/100 Kgs L.W. Hog Produced	($)	93.94
Feed Cost/100 Kgs D.W. Hog Produced	($)	120.43
Creep Cost/Tonne	($)	594.10
Starter Cost/Tonne	($)	345.92
Grower Cost/Tonne	($)	265.74
Sow Ratio Cost/Tonne	($)	270.39
Feed per Sow & Boar	(Kgs)	1,044

SUMMARY

The 1989 Nova Scotia Swine Farm Business Summary provides basic information on the costs and returns associated with farrow-to-finish swine enterprise on Nova Scotia farms. While not based on a stastically sound sample of swine farms, the summary can be used with care to assist in the analysis of the swine enterprise by providing group average data for comparison purposes.

In reviewing the information contained in previous pages, the following points can be noted:

- Average farm size measured in terms of sow numbers was 134 sows.
- Average litters per sow per year was 2.16.
- Average pigs weaned per sow per year was 19.26.
- Total pigs produced per sow per year was 18.48. This includes weanling sales, breeding stock sales, etc.
- Average market hog dressed weight was 78 kilograms.
- Average feed consumption (starter and grower) per market hog was 261.23 kilograms, for a feed conversion of 2.78.
- Average feed cost per hog was $94.29 Average feed costs in 1988 were $87.67 per hog.
- Average cost of production was $1.84 per kg. ($0.84 per lb.) dressed weight, an increase of $0.23/kg. from 1988.
- Average net farm income was $378. per sow.

There was extreme variation between farms in this study. This variation existed in mosts costs, returns and management factors. Below, we outline a number of the variations observed:

- Net Farm Income had a range of $1,545. per sow between the highest and lowest.
- Total feed cost per sow had a range of $1,086.
- Kilograms of feed per hog raised varied as much as 130.66 kilograms.

- Pigs weaned per sow varied as much as 8.97 pigs per year.

- Sows kept per man equivalent had a range of 49 sows between the highest and lowest numbers of sows per man.

With such variation in many of the returns, costs and management factors, it is difficult to isolate specific characteristics that result in a profitable swine unit. It would appear, however, that a number of the key factors of production outlined above such as production, cost control, and efficient use of capital and labour, are of significant importance in determining the success of the farm unit.

Those farm operators who sucessfully combined these factors of production in the management and operation of their farm units achieved a reasonable return to their labour, capital and management skills.